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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, MARCH 26, 1999

APPLICATION OF

AX TELECOMMUNICATIONS, INCORPORATED

CASE NO. PUC980169

For certificates of public
convenience and necessity to
provide local exchange
telecommunications services

ORDER FOR NOTICE AND HEARING

On December 11, 1998, Ax Telecommunications, Incorporated ("Ax" or "Applicant") completed an application for a certificate of public convenience and necessity ("certificate") to the State Corporation Commission ("Commission") to provide local exchange telecommunications services throughout the Commonwealth of Virginia.

In its application, Ax states that it is a non-facilities based reseller that proposes to offer its customers prepaid, month-to-month local telephone service, which blocks access to toll services, operator services (including collect and third party calls), and directory assistance. Ax proposes to provide unlimited local calling, access to 911 emergency services and 1-800 toll free dialing, without the imposition of credit checks or deposit requirements.

In order to provide this prepaid month-to-month service, Ax requests a waiver of certain provisions of Rule C.1. of the Commission's Rules Governing the Offering of Competitive Local Exchange Telephone Service ("Competition Rules") requiring a new entrant, either directly or through arrangements with others, to provide access to directory assistance, access to operator services, equal access to interLATA long distance carriers and a waiver of Rule C.5, which requires access to intraLATA services to all local exchange customers. Ax further requests a waiver of Rule D.3. of the Competition Rules, 20 VAC 5-400-180, limiting the proposed rate for local exchange services provided by the new entrant not to exceed the highest of the comparable tariffed services provided by the incumbent local exchange telephone company or companies in the same local serving areas.

NOW UPON CONSIDERATION of the filing, the Commission is of the opinion that Ax's application should be docketed; that the Applicant should give notice to the public of its application; that the Commission Staff should conduct an investigation into the reasonableness of the application and present its findings in a Staff report; and that a public hearing should be convened to receive evidence relevant to Ax's application.

Accordingly, IT IS ORDERED THAT:

- (1) This case is docketed and assigned Case No. PUC980169.

(2) A public hearing for the purpose of receiving evidence relevant to Ax's application for a certificate to provide local exchange services is scheduled for May 5, 1999, at 10:00 a.m., in the Commission's second floor courtroom located in the Tyler Building, 1300 East Main Street, Richmond, Virginia.

(3) On or before April 5, 1999, the Applicant shall complete publication of the following notice, which may be published on one occasion as classified advertising in newspapers having general circulation throughout the Applicant's proposed service territory:

NOTICE TO THE PUBLIC OF AN APPLICATION BY
AX TELECOMMUNICATIONS, INCORPORATED FOR A
CERTIFICATE OF PUBLIC CONVENIENCE AND
NECESSITY TO PROVIDE LOCAL EXCHANGE
TELECOMMUNICATIONS SERVICES THROUGHOUT THE
COMMONWEALTH OF VIRGINIA
CASE NO. PUC980169

On December 11, 1998, Ax Telecommunications, Inc. ("Ax" or "Applicant") filed an application with the State Corporation Commission ("Commission") for a certificate of public convenience and necessity ("certificate") to provide local exchange telecommunications services throughout the Commonwealth of Virginia.

In its application, Ax states that it is a non-facilities based reseller that proposes to offer its customers prepaid, month-to-month local telephone service, which blocks access to toll services, operator services (including collect and third party calls), and directory assistance. Ax proposes to provide unlimited local calling, access to 911 emergency services and 1-800 toll free

dialing, without the imposition of credit checks or deposit requirements. This proposed service will be priced higher than comparable local telephone services provided by the incumbent local exchange carrier. Ax seeks a waiver of the Commission's Rules to provide this restricted prepaid local exchange telephone service.

A public hearing on Ax's application will be convened on May 5, 1999, at 10:00 a.m. in the Commission's second floor courtroom located in the Tyler Building, 1300 East Main Street, Richmond, Virginia, to hear evidence relevant to its application for a certificate to provide local exchange services.

Copies of the application are available for public inspection between the hours of 8:15 a.m. and 5:00 p.m. in the Commission's Document Control Center located on the first floor of the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, or can be ordered from Ax's attorney, Victoria A. Schlesinger, Esquire, Dow, Lohnes & Albertson, PLLC, 1200 New Hampshire Ave., Suite 800, Washington, DC 20036.

Any person desiring to comment in writing on Ax's application for a certificate to provide local exchange services may do so by directing such comments on or before April 21, 1999, to the Clerk of the Commission, at the address set out below.

Any person desiring to make a statement at the public hearing concerning Ax's application for a certificate to provide local exchange services need only appear in the Commission's second floor courtroom at 9:45 a.m. on the day of the hearing and identify himself or herself as a public witness to the Commission's Bailiff.

Any person who expects to submit evidence, cross-examine witnesses, or

otherwise participate in the proceedings, as a Protestant pursuant to Commission Rule 4:6 of the Commission's Rules of Practice and Procedure, should promptly obtain a copy of the Order for Notice and Hearing from the Clerk of the Commission for complete details of the procedural schedule and instructions on participation.

Individuals with disabilities who require an accommodation to participate in the hearing should contact the Commission at least seven (7) days before the scheduled hearing date at 1-800-552-7945 (voice) or 1-804-371-9206 (TDD).

All written communications to the Commission concerning Ax's application should be directed to Joel H. Peck, Clerk of the State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218, and must refer to Case No. PUC980169.

AX TELECOMMUNICATIONS, INCORPORATED

(4) On or before April 5, 1999, Applicant shall give notice of its application to each local exchange telephone carrier certificated in Virginia by personal delivery or first-class mail, postage prepaid, to the customary place of business or residence of the person served. A list of all current local exchange carriers in Virginia is attached to this Order as Appendix A.

(5) On or before April 9, 1999, the Applicant shall prefile with the Commission an original and fifteen (15) copies of any additional direct testimony it intends to present at the

public hearing. Copies shall also be served on any person who files a Notice of Protest.

(6) On or before April 21, 1999, any person desiring to participate as a Protestant as defined in Rule 4:6 of the Commission's Rules of Practice and Procedure ("Rules") shall file an original and fifteen (15) copies of a Notice of Protest as provided in Rule 5:16(a), and shall serve a copy of the same on Ax's attorney, Victoria A. Schlesinger, Esquire, Dow, Lohnes & Albertson, PLLC, 1200 New Hampshire Ave., Suite 800, Washington, DC 20036.

(7) Any person desiring to comment in writing on Ax's application may do so by directing such comments, on or before April 21, 1999, to the Clerk of the Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218. Comments must refer to Case No. PUC980169. Any person desiring to make a statement at the public hearing concerning the application need only appear in the Commission's second floor courtroom at 9:45 a.m. on the day of the hearing and identify himself or herself to the Bailiff as a public witness.

(8) Any person who expects to submit evidence, cross-examine witnesses, or otherwise participate in the proceedings as a Protestant pursuant to Rule 4:6 shall file on or before April 23, 1999, an original and fifteen (15) copies of its Protest, referring to Case No. PUC980169, and shall on the same

day mail a copy thereof to Victoria A. Schlesinger, Esquire, at the address identified above and to any other Protestants. The Protest shall set forth (i) a precise statement of the interest of the Protestant in the proceeding; (ii) a full and clear statement of the facts which the Protestant is prepared to prove by competent evidence; and (iii) a statement of the specific relief sought and the legal basis therefor. Any corporate entity that wishes to submit evidence, cross-examine witnesses, or otherwise participate as a Protestant must be represented by legal counsel in accordance with the requirements of Rule 4:8 of the Commission's Rules.

(9) On or before April 23, 1999, each Protestant shall file with the Clerk of the Commission an original and fifteen (15) copies of the prepared testimony and exhibits the Protestant intends to present at the hearing, and shall on the same day mail a copy of the same to Victoria A. Schlesinger, Esquire, and other Protestants. Service upon Ms. Schlesinger shall be made at the address set forth above.

(10) The Commission Staff shall analyze the reasonableness of Ax's application and present its findings in a Staff Report to be filed on or before April 28, 1999.

(11) On or before April 28, 1999, if necessary, the Commission Staff may file with the Clerk of the Commission an original and fifteen (15) copies of any prepared testimony and

exhibits it intends to present at the public hearing. A copy of the Staff's direct testimony shall be mailed to counsel for the Applicant and to each Protestant.

(12) On or before May 3, 1999, the Applicant shall file with the Clerk of the Commission an original and fifteen (15) copies of any testimony it expects to introduce in rebuttal to any direct prefiled testimony of Staff and Protestants. A copy of the rebuttal testimony shall be mailed to Staff and each Protestant by overnight delivery.

(13) At the commencement of the hearing scheduled herein, Ax shall provide to the Commission proof of the notice and service required by Ordering Paragraphs (3) and (4) herein.

(14) The Applicant shall respond to written interrogatories or data requests within seven (7) days after the receipt of the same. Protestants shall provide to the Applicant, other Protestants and Staff any workpapers or documents used in preparation of their prefiled testimony, promptly upon request. Except as so modified, discovery shall be in accordance with Part VI of the Rules.